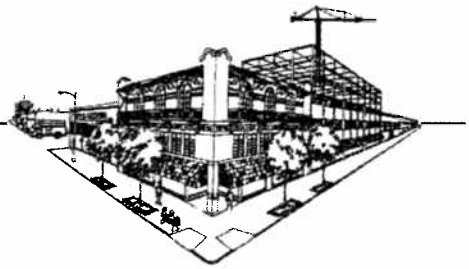
E. D. Hovee
& Company, LLC
Economic and Development Services



MEMORANDUM

To:	Rebecca Bradley, Leonard, Boudinot & Skodje, Inc.
From:	Paul Dennis, AICP
Subject:	Historic Commercial & Industrial Land Allocations
Date:	February 22, 2005

Leonard, Boudinot & Skodje, Inc. hired E.D. Hovee & Company to assist with reviewing the city of Mount Vernon's historic commercial and industrial land allocations. More specifically, to evaluation consistency with past demand estimates developed by E.D. Hovee & Company, including incorporation of market factors, critical areas, and public infrastructure. The following documents were reviewed for this analysis:

- E.D. Hovee & Company, *Skagit County Overall Economic Development Plan*. Skagit County Overall Economic Development Plan Update. 1995.
- E.D. Hovee & Company, *Skagit County Urban Growth Area Analysis: Population, Employment & UGA Land Allocations by Jurisdiction*. Skagit County Administrative Services. July 1996.
- E.D. Hovee & Company, *Mount Vernon Overall Economic Development Plan (OEDP)*. City of Mount Vernon, Mount Vernon Chamber of Commerce, and OEDP Committee. August 1996.
- E.D. Hovee & Company, *Skagit County Urban Growth Area Analysis Update: Population, Employment & UGA Land Allocations by Jurisdiction*. Skagit County Administrative Services. March 1997.
- E.D. Hovee & Company, *Skagit County Overall Economic Development Plan*. Skagit County Overall Economic Development Plan Update. 1998-2000.
- Countywide Planning Policies Committee, *1999 Proposed Amendments to Countywide Planning Policies (CPP)*. Skagit County. October 20, 1999.
- E.D. Hovee & Company, *Mount Vernon Overall Economic Development Plan (OEDP)*. City of Mount Vernon, Mount Vernon Chamber of Commerce, and OEDP Committee. October 1999.
- Skagit County, *Skagit County Countywide Planning Policies*. June 15, 2000.
- E.D. Hovee & Company, *Updated Skagit County Employment Forecasts to Year 2025*. Skagit County Council of Governments. May 4, 2001.

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- E.D. Hovee & Company, *Skagit County Comprehensive Economic Development Strategy (CEDS)*. Skagit County Council of Governments. July 2003.
- E.D. Hovee & Company, *2003 Updated Skagit County Employment & Land Demand Forecasts*. Skagit County Council of Governments. November 21, 2003.
- Berryman & Henigar, Inc. and Michael J. McCormick, *Population & Employment Forecasting & Allocation 2025*. Skagit County. December 2003.
- Rebecca Bradley, city of Mount Vernon, *Summary of Coordinated Commercial/Industrial Allocation Work*. Memorandum. July 15, 2004.

EMPLOYMENT & LAND DEMAND FORECASTS

The commercial and industrial land demand projections are derived from employment forecasts. Forecasts were prepared for the 1995 Skagit County Overall Economic Development Plan Update (OEDP), Mount Vernon 1996 OEDP, Skagit County OEDP (1998-2000), Mount Vernon 1999 OEDP, Updated Skagit County Employment Forecasts to Year 2025 (completed 2001), and 2003 Updated Skagit County Employment & Land Demand Forecasts.

Countywide Employment Forecasts

1995 Skagit OEDP. The original 1995 forecast provided two alternative employment forecasts: a) ***Population-Driven*** – estimates the number of jobs needed to support projected residential growth; and b) ***Employment-Driven*** – estimates job growth based upon Skagit County's historic changing share of statewide job growth by major employment sector (i.e. manufacturing, retail, services, etc.). The population-driven methodology projected a growth of 26,500+ jobs between 1995 and 2015. Sixty-two percent (or 16,335) of these jobs are forecasts to occur on commercial and industrial lands. Job growth on commercial and industrial lands is projected to occur at an average rate of 817 jobs per year.

The employment-driven alternative forecasted a growth of 27,600+ over the same 20-year planning horizon. Annual job growth on commercial and industrial lands is forecasted at an average rate of 853 jobs, or 17,058 for the entire 20-year planning horizon. These 1995 forecasts were later used in examining the 1996 and 1997 commercial and industrial land allocations for each of the proposed Skagit County UGAs.

1998-2000 Skagit OEDP. The population-driven employment forecast was updated (also commonly referred to as the *1999 employment forecast*) during the 1998-2000 Skagit County OEDP Update process. The 1999 forecast estimated a need for almost 28,000 jobs between 1995 and 2015. Based upon an employment geo-coding analysis conducted by BST Associates in 1998, 84% (or 23,511) of job growth was predicted to occur on commercial and industrial lands. This equates to an annual average growth of 840 jobs on commercial and industrial lands, growth similar to the 1995 forecast. This forecast was used to set the final commercial/industrial land allocations in the 2000 Countywide Planning Policies (CPP 1.1).

2001 SCCOG Employment Forecast. In 2001, the Skagit County Council of Governments hired E.D. Hovee & Company to update the countywide employment forecast for their *long-range* transportation planning. Both the population- and employment-driven forecasts were updated. The population-driven methodology projected a growth of 37,700 jobs between 1997 and 2025. The employment-driven methodology forecasted job growth of 39,283 over the same 28-year planning horizon. Neither forecast allocated job growth specifically to commercial or industrial lands.

2003 SCCOG Employment & Land Forecast. The Skagit County Council of Governments retained E.D. Hovee & Company to assist with the Countywide Comprehensive Plan update; more specifically, to update the *long-term* countywide employment and land demand forecast. The 2003 forecast only updated the population-driven methodology. The resulting forecast estimates a need for 23,500+ jobs between 2000 and 2025. Approximately 90% (or 21,142) of job growth is expected to occur on commercial and industrial lands. The average annual job growth on commercial and industrial lands is 846, comparable to the 1995 and 1999 forecasts.

Figure 1. Comparative Countywide Commercial & Industrial Job Forecasts

Forecast Document	Forecast Period	Pop Driven	Emp Driven	Allocated to Com'l & Ind'l Land	Jobs on C & I Land Pop	Jobs on C & I Land Emp
1995 Skagit OEDP:	1995-2015					
Commercial (C)		9,703	10,108	100%	9,703	10,108
Industrial (I)		5,369	5,615	100%	5,369	5,615
Natural Resource (NR)		1,263	1,335	100%	1,263	1,335
Public/Institutional (P)		7,438	7,779	0%	0	0
Agriculture (AG)		-73	-25	0%	0	0
Self-Employment (SE)		2,824	2,824	0%	0	0
Total Employment		26,524	27,636	62%	16,335	17,058
1998-2000 Skagit OEDP:	1995-2015					
Commercial (C)		10,145	–	100%	10,145	–
Industrial (I)		6,270	–	100%	6,270	–
Natural Resource (NR)		1,171	–	99%	1,158	–
Public/Institutional (P)		7,069	–	84%	5,938	–
Agriculture (AG)		309	–	0%	0	–
Self-Employment (SE)		3,030	–	0%	0	–
Total Employment		27,994	–	84%	23,511	–
2001 SCCOG Forecast:	1997-2025					
Commercial (C)		13,595	14,189	–	–	–
Industrial (I)		8,373	8,739	–	–	–
Natural Resource (NR)		1,981	2,082	–	–	–
Public/Institutional (P)		9,276	9,732	–	–	–
Agriculture (AG)		275	341	–	–	–
Self-Employment (SE)		4,200	4,200	–	–	–
Total Employment		37,700	39,283	–	–	–
2003 SCCOG Forecasts:	2000-2025					
Commercial (C)		9,642	–	100%	9,642	–
Industrial (I)		5,381	–	100%	5,382	–
Natural Resource (NR)		938	–	100%	938	–
Public/Institutional (P)		5,630	–	92%	5,180	–
Agriculture (AG)		-251	–	0%	0	–
Self-Employment (SE)		2,169	–	0%	0	–
Total Employment		23,509	–	90%	21,142	–

Source: E.D. Hovee & Company.

Urban vs. Rural Jobs

As identified earlier, the Skagit County Council of Governments retained BST Associates to geo-code 1998 employment by detailed sector. Results were summarized by city, urban growth area (UGA), and rural area. These results were further summarized by land use designation to derive allocation ratios between urban (city plus UGA) versus rural areas by land use. The BST results

were utilized by E.D. Hovee & Company to allocate their 1999 and 2003 employment forecasts to urban (i.e. city and UGAs) versus rural areas. *Note:* In 1995, similar data was not available; therefore, no distinction between urban and rural was made with the 1995 employment forecast. Urban and rural allocations were not made with the 2001 forecast, as the Skagit County Council of Governments decided to use their own modeling to allocate the countywide job growth by Transportation Analysis Zone (TAZ).

The *1999 forecast* allocated nearly 21,500 commercial and industrial jobs to urban areas, with the remaining 1,540 jobs allocated to rural areas. The 2003 forecast allocated 19,770 commercial and industrial jobs for urban areas and 1,370 to rural.

Figure 2. Commercial & Industrial Employment Allocations by Urban vs. Rural

Land Use	Forecast Period	C/L Land Employment Growth	% Allocated Urban	% Allocated Rural	C/L Land Job Growth Urban	C/L Land Job Growth Rural
1999 Forecast:	1995-2015					
Commercial (C)		10,145	94%	6%	9,536	609
Industrial (I)		6,270	87%	13%	5,455	815
Natural Resource (NR)		1,158	90%	10%	1,042	116
Public/Institutional (P)		5,938	92%	–	5,463	–
Job Growth on C/I Land		23,511	91%	9%	21,496	1,540
2003 Forecast:	2000-2025					
Commercial (C)		9,642	94%	6%	9,063	579
Industrial (I)		5,382	87%	13%	4,682	700
Natural Resource (NR)		938	90%	10%	844	94
Public/Institutional (P)[1]		5,180	100%	–	5,180	–
Job Growth on C/I Land		21,142	94%	6%	19,769	1,373

Note: 1) The 2003 analysis did not separately allocate employment growth to commercial and industrial lands prior to the urban vs. rural allocations. To be consistent with prior forecasts, the 2003 urban allocation ratio of 92% for Public/Institutional employment growth was used to allocate to commercial and industrial lands and then the urban allocation is held to 100%. This modification produces the same end results as documented in the 2003 analysis.

Source: E.D. Hovee & Company.

Commercial & Industrial Land Demand Forecasts

Using the employment growth projections, an estimate of land demand is derived from land use density ratios. Density ratios are a calculation of jobs per *net developable* acre (or i.e. exclusive of areas set aside for market factors, critical areas, public infrastructure, etc.). *Urban* density ratios were derived by reviewing past development within City of Anacortes, Port of Anacortes, Port of Skagit County, City of Mount Vernon, and City of Burlington in Skagit County, as well as inventorying 109 major end-user industrial investments in Washington and Oregon.[1]

As part of this revised land use analysis, a review of past *rural* developments was conducted, resulting in density estimates perceived to be well below acceptable development standards for future commercial development.[2] After discussion with Skagit County jurisdictions, somewhat

higher density estimates were used in the land demand analysis to reflect future development standards. The effect is the reduction of calculated land need below what might be projected with lower densities.[3]

1995 Forecast. Between 1,800 and 1,900 acres of net developable commercial and industrial land (i.e. excluding market factor, critical areas, public infrastructure, etc.) was estimated to fulfill job growth projections between 1995 and 2015.

1999 Forecast. Just under 2,700 net developable acres of commercial and industrial land is needed countywide between 1995 and 2015 to fulfill job growth forecasts. Approximately 2,200 net developable acres are needed within urban areas and just under 500 acres in rural areas.

Figure 3. Commercial & Industrial Land Demand (Net Developable Acres)

	Employment Growth			Density (jobs/net acre)			Land Demand (in acres)		
Land Use	**Urban**	**Rural**	**Total**	**Urban**	**Rural**	**Total**	**Urban**	**Rural**	**Total**
1995 Forecast:									
Commercial (C)	–	–	9,703-10,108	–	–	20.0	–	–	485-505
Industrial (I)	–	–	5,369-5,615	–	–	6.5	–	–	826-864
Natural Resource (NR)	–	–	1,263-1,335	–	–	2.5	–	–	505-534
Public/Institutional (P)	–	–	0-0	–	–	0.0	–	–	0-0
Job Growth on C/I Land	–	–	16,335-17,058	–	–	9.0	–	–	1,816-1,903
1999 Forecast:									
Commercial (C)	9,536	609	10,145	20.0	6.0	17.5	477	102	579
Industrial (I)	5,455	815	6,270	6.5	2.5	5.4	839	326	1,165
Natural Resource (NR)	1,042	116	1,158	2.5	2.5	2.5	417	46	463
Public/Institutional (P)	5,463	–	5,463	12.0	–	12.0	455	–	455
Job Growth on C/I Land	21,496	1,540	23,036	9.8	3.2	8.7	2,188	474	2,662
2003 Forecast:									
Commercial (C)	9,063	579	9,642	20.0	6.0	17.5	453	97	550
Industrial (I)	4,682	700	5,382	6.5	2.5	5.4	720	280	1,000
Natural Resource (NR)	844	94	938	2.5	2.5	2.5	338	38	376
Public/Institutional (P)	5,180	–	5,180	12.0	–	12.0	432	–	432
Job Growth on C/I Land	19,769	1,373	21,142	10.2	3.3	9.0	1,943	415	2,358

Note: No land demand forecast was completed as part of the 2001 employment forecast.

Source: E.D. Hovee & Company.

2003 Forecast. Almost 2,360 of net developable commercial and industrial acres is required to meet the projected job growth between 2000 and 2025. Urban areas will need 1,940 net developable acres and rural areas need 415 acres.

In order to address the differing years in land demand provided by the 2003 analysis and the county's previously generated land supply data (from year 1995), a *catch-up table* identifying likely employment and land demand from 1995-2000 has been created using the same methodology. The catch-up land demand estimate indicates land demand or need between 1995 and 2000 for approximately 411 net developable acres of commercial and industrial land before market factor or other considerations to support the creation of 3,370 added jobs over the 5 year period.

Figure 4. Catch Up Land Demand by Land Use (1995-2000 - 2003 Forecast)

	Employment Growth		Jobs/Net Acre		Land Demand (net acres)		
Land Use	Urban	Rural	Urban	Rural	Urban	Rural	Total
Commercial (C)	1,217	78	20.0	6.0	61	13	74
Industrial (I)	747	–	6.5	–	115	–	115
Natural Resource (NR)	215	–	2.5	–	86	–	86
Rural Industrial/Natural Resource	–	136	–	2.5	–	54	54
Public/Institutional (P)	980	–	12.0	–	82	–	82
Total Com'l & Ind'l Land Demand	3,160	213	–	–	344	67	411

Source: E.D. Hovee & Company (November 2003), based on 1998 Skagit County Rural Employment Density Database. Density factors are consistent with 2000 OEDP update.

Market Factor

Few forecasts of future conditions turn out precisely as predicted. In the case of industrial and commercial land demand, important factors that may vary from forecast conditions include expected total employment, mix of employment by sector, and employment density. Application of a market factor provides a margin of error (or *cushion*) to account for changes that may not be foreseen at present.

Given the uncertainty of future development patterns and the potential for actual conditions to vary from the forecast, a market factor is recommended to ensure that an adequate supply of commercial/industrial land is available for future development. Conservative assumptions have been used to project future commercial/ industrial land demand. If future patterns of development occur in a manner outside the forecast parameters, Skagit County could fall short of its growth management targets for jobs to support population growth. Finally, it is noted that a market factor is important to ensure that commercial and industrial land in Skagit County stays competitive with nearby markets in terms of both supply and price.

With the exception of the 1995 forecast, all of the prior employment and land demand forecasts have applied a market factor directly to the land demand projections. In 1995, the market factor was deducted from the net developable acreage. To draw directly comparable results, this analysis applies the market factors used in each of the previous forecasts directly to the land demand estimates.

With the inclusion of the 20% market factor, the 1995 forecast estimated a total land demand of 2,179-2,284 acres of commercial and industrial land to meet projected job growth between 1995 and 2015. Once again, the 1995 forecast did not directly distinguish between urban and rural areas. Also, these estimates are net of critical areas, public infrastructure, or other factors that may reduce the net developable acreage during development.

The 1999 and 2003 forecasts assumed a slightly higher market factor of 25%, reflecting empirical research conducted with the 1998-2000 Skagit County OEDP. The 1999 forecast estimated a need for 3,328 acres of commercial and industrial land, with the inclusion of the 25% market factor; urban areas were estimated to need 2,735 acres and 593 acres for rural areas. Once again, this acreage demand is before critical areas, public infrastructure, or other factors that may reduce the net developable acreage during development are considered.

The 2003 forecast estimated a need for 2,948 acres (including acreage for market factor) of commercial and industrial land to meet employment growth forecasts between 2000 and 2025. An additional 514 acres are needed to account for assumed demand between 1995 and 2000, for a total demand of 3,462 acres over the entire 1995-2025 planning period. Urban areas need 2,859 acres of commercial and industrial land and rural areas require 603 acres over the same 30-year planning horizon. As previously noted (as well as in the figure below), these acreage estimates are before critical areas, public infrastructure, or other factors that may reduce the net developable acreage during development are considered.

Figure 5. Land Demand with Market Factor (in acres)

	Forecast	Demand w/out Market Factor			Market	Demand w/ Market Factor		
Forecast	Period	Urban	Rural	Total	Factor	Urban	Rural	Total
1995 Forecast	1995-2015	–	–	1,816-1,903	20%	–	–	2,179-2,284
1999 Forecast	1995-2015	2,188	474	2,662	25%	2,735	593	3,328
2003 Forecast:								
Without Catch Up	2000-2025	1,943	415	2,358	25%	2,429	519	2,948
Catch Up Demand	1995-2000	344	67	411	25%	430	84	514
Total Demand	1995-2025	2,287	482	2,769	25%	2,859	603	3,462

Note: Land demand estimates do not include critical areas, public infrastructure, or other factors that may reduce the net developable acreage during development.

Source: E.D. Hovee & Company.

Mount Vernon Employment & Land Forecasts

E.D. Hovee & Company completed an Overall Economic Development Plan (OEDP) for the city of Mount Vernon in 1996 and subsequent update in 1999. Each of these OEDP studies provided employment and land demand forecasts. Both OEDPs utilized the same forecasts, as the 1999 Countywide forecast had not been completed prior to the finalization of the 1999 Mount Vernon OEDP Update.

Employment Forecast. A *population-driven* employment forecast was completed for Mount Vernon Comprehensive Plan in 1995. The 1996 OEDP utilized this same methodology, but revised the forecast estimates to reflect changes in population estimates for Skagit County and the city.[4] Projected growth in employment was based on keeping employment growth proportional to population growth, except for government, which is not expected to increase as quickly in the city.[5]

Mount Vernon's employment base was expected to increase by over 8,500 jobs between 1995-2015, to a job total in the year 2015 of nearly 20,300 – an increase of approximately 72%. This forecast illustrated the number of jobs that needed to be created to support anticipated population growth, to stabilize the rate of out-commuting or unemployment at 1996 levels, and to retain existing labor force participation rates. *Note:* the city of Mount Vernon's 1995 Comprehensive Plan projected employment growth of 8,765 jobs between 1995 and 2015, 3% higher than the OEDP projections.

Figure 6. Mount Vernon Existing & Projected Jobs by Category (1995-2015)

Category	Existing Totals 1995 (City & UGA)	Forecast Totals 2015	Forecast Employment Growth	% Employment Growth
Retail	3,280	6,081	2,801	85%
Manufacturing, Construction, Agriculture	2,097	3,371	1,274	61%
TCPU	644	1,066	422	66%
Office/Services	1,886	3,314	1,428	76%
Health	1,754	3,323	1,569	89%
Total (excluding Government)	9,661	17,155	7,494	78%
Government	2,096	3,112	1,016	48%
Total	11,757	20,267	8,510	72%

Source: E.D. Hovee & Company.

Commercial & Industrial Allocation. The city of Mount Vernon's 1995 Comprehensive Plan allocated 80% of the anticipated job growth to commercial uses and the remaining 20% to industrial. The following table illustrates the breakout between commercial and industrial for the 1996 and 1999 OEDP forecasts as well as the projections in the 1995 Comprehensive Plan.

Figure 7. Mount Vernon Job Growth Allocations (1995-2015)

Forecast Document	Employment Growth	% Allocated		Employment Growth		
		Com'l	Ind'l	Com'l	Ind'l	Total
1996 & 1999 OEDP	8,510	80%	20%	6,808	1,702	8,510
1995 Comprehensive Plan	8,765	80%	20%	6,992	1,773	8,765

Source: E.D. Hovee & Company and city of Mount Vernon.

Commercial & Industrial Land Demand. Neither OEDP document converted the employment growth forecasts into land demand estimates, rather relied upon the analysis conducted in the city's 1995 Comprehensive Plan. However, land demand estimates can be derived for the 1996 and 1999 OEDP job growth forecasts by applying the 1995 Comprehensive Plan density and market factor assumptions. Total need for commercial and industrial land between 1995 and 2015, including market factor, is estimated at 680-703 net developable acres. *Note:* to be consistent with the portrayal of the countywide land demand estimates, the market factor is applied to these land demand estimates as well. Also, these estimates exclude considerations for critical areas, public infrastructure, or other factors that may reduce the net developable acreage during development.

Figure 8. Mount Vernon Commercial & Industrial Land Demand (1995-2015)

Forecast	Employment Growth	Jobs/ Net Acre	Land Demand Before Market Factor	Market Factor	Land Demand w/ Market Factor
1996 & 1999 OEDP:					
Commercial	6,808	20.0	340	20%	408
Industrial	1,702	7.5	227	20%	272
Total	8,510	15.0	567	20%	680
1995 Comprehensive Plan:					
Commercial	6,992	20.0	350	20%	420
Industrial	1,773	7.5	236	20%	283
Total	8,765	15.0	586	20%	703

Source: E.D. Hovee & Company and city of Mount Vernon.

COMMERCIAL & INDUSTRIAL LAND ALLOCATIONS

A variety of commercial and industrial land inventory and allocations have been made since 1995. All allocations include incorporation of a market fact, but exclude considerations for critical areas, public infrastructure, or other factors that may reduce the net developable acreage during development. Therefore, the land inventory/allocations are meant to be consistent with land demand projections.

Countywide Allocations

Inventory and allocation of net developable commercial and industrial land has occurred with the adoption of the 1995 Skagit County Comprehensive Plan, 1996 and 1997 Urban Growth Area analyses in response to remand orders from the Western Washington Growth Management Hearings Board (WWGMHB), 1999 Draft Countywide Planning Policies, 2000 Adopted Countywide Planning Policies, 2003 allocations for the proposed 2005 Comprehensive Plan.

1995-2000 Allocations. The 1995 Countywide Planning Polices (CPP), adopted in conjunction with the 1995 Skagit County Comprehensive Plan, allocated 2,256 net developable acres (including market factor) to all Skagit County UGAs; 1,759 acres were allocated to urban areas and 497 acres to rural areas. An updated inventory using Skagit County Assessor records was conducted as part of the 1995 Skagit County OEDP. This analysis found that urban areas had 1,870 acres of net developable commercial and industrial land and rural areas had 497 acres, for a combined total of 2,367 acres.

In 1996 and 1997, each of the cities and Skagit County assisted E.D. Hovee & Company in analyzing the amount of developable commercial and industrial land in effort to more precisely estimate the amount of available land to meet projected employment growth. The 1996 effort found a substantial reduction of available commercial and industrial lands. The reductions were identified in the Anacortes, Burlington, Mount Vernon, Sedro-Woolley, and Bayview UGAs.

The 1997 study refined the 1996 results by taking a close look at the previous inventories and clarifying the underlying assumptions to be more consistent across each of the UGAs. The refined analysis resulted in an identification of 2,344 acres of net developable commercial and industrial land, 1,847 acres in urban UGAs and 497 in Rural UGAs.

With the projected increase in land demand associated with the 1999 forecast, additional 1,080 acres of net developable commercial and industrial land was added to the designated UGAs with the draft 1999 Countywide Planning Policies, and later adopted in 2000. Urban UGAs received an increase allocation of 243 acres and 837 acres was added to rural areas; total commercial and industrial land allocation is 3,336 net developable acres (including market factor).

2002 Inventory. In 2002, Skagit County and all of the cities estimated their amount of commercial and industrial land currently available. The analysis found that just over 1,900 acres of net developable commercial and industrial land was available countywide to meet land demand projections through 2025, with 1,333 acres in Urban UGAs and 583 in rural UGAs.

2003 Study. In an effort to ensure adequate land supply is available for projected commercial and industrial land demand, three alternative land allocation schemes were proposed in the Berryman & Henigar study. Each allocation schemes provides an alternative means for allocating 3,000 net developable commercial and industrial acres (including market factor, but excluding critical areas, public infrastructure, or other factors that may limit developable acreage). Urban UGAs are allocated 2,100 acres, Bayview and Swinomish are allocated 400 acres, and other rural areas are allocated 500 acres.

- **Supply-Based** – allocation distributes commercial and industrial land based upon proportionate increases to the 2002 supply estimates. The Concrete allocation is based upon the 2000 CPP 1.1 allocation, since the city has no current available supply.
- **Demand-Based** – allocation is based on the relationships identified in the 1996 and 1997 studies, which in part resulted in the 2000 CPP 1.1 allocation.
- **Cluster** – allocation starts with an initial distribution to cities and groups of cities based upon geography. This method leaves Anacortes and La Conner as individual units, while the Burlington/Mount Vernon/Sedro-Woolley and Concrete/Hamilton/Lyman clusters are characterized by their locations and relationships to each other. The initial cluster allocations start with ranges using professional judgment, and then subsequently breakdown the cluster allocations into the individual city portions.

Figure 9. Countywide Commercial & Industrial Land Allocations by UGA

Urban Growth Areas	1995 Adopted CPP 1.1 (1995-2015)	1995 OEDP (1995-2015)	1996 UGA Analysis (1995-2015)	1997 UGA Update (1995-2015)	1999 Draft CPP 1.1 (1995-2015)	2000 Adopted CPP 1.1 (1995-2015)	2002 Inventory (1995-2015)	2003 Berryman & Henigar Study Proposed 2025 Allocations		
								Supply	Demand	Cluster
Urban UGAs:										
Anacortes	525	525	420	502	558	558	420	625	240	546
Burlington	300	322	240	322	242	242	189	281	210	309
Concrete	18	18	14	NA	28	28	0	42	30	20
Hamilton	0	16	16	33	60	60	26	89	34	60
La Conner	2	2	2	2	2	2	2	3	12	3
Lyman	0	0	0	0	0	0	0	25	30	25
Mount Vernon	771	771	617	771	869	869	587	873	1,253	959
Sedro-Woolley	143	216	162	217	243	243	109	162	291	178
Urban UGAs	1,759	1,870	1,471	1,847	2,002	2,002	1,333	2,100	2,100	2,100
Rural UGAs:										
Bayview	497	497	398	497	750	750	373	400	400	400
Big Lake	0	0	0	0	0	0	0	0	0	0
Swinomish	0	0	NA	NA	0	0	NA	**Included in Bayview allocation**		
Other Rural Areas	0	–	–	–	584	584	210	500	500	500
Rural UGAs	497	497	398	497	1,334	1,334	583	900	900	900
All UGAs	2,256	2,367	1,869	2,344	3,336	3,336	1,916	3,000	3,000	3,000

Source: E.D. Hovee & Company, Skagit County, and Berryman & Henigar in association with Michael McCormick.

Mount Vernon Allocations

The city of Mount Vernon has received two commercial and industrial land allocations, with a series of proposed allocations for the proposed 2005 Skagit County Comprehensive Plan. Each of these allocations include consideration of market factors; however, they are intended to be exclusive of critical areas, public infrastructure, and any other factors that may reduce the net developable acreage.

With the adoption of 1995 Skagit County Comprehensive Plan, Mount Vernon was allocated 771 net developable commercial and industrial acres. Coupled with the 1996/1997 UGA analyses and revised countywide land demand estimates, Mount Vernon's commercial and industrial land allocation was increased by 98 acres to a total of 869 net developable acres.

With the updated 2003 land demand estimates, new commercial and industrial land allocations are being proposed. These lands are intended to service forecasted demands between 2000 and 2025. Mount Vernon would be allocated an additional 4-384 net developable commercial and industrial acres, depending on the allocation scheme selected.

Figure 10. Mount Vernon Commercial & Industrial Land Allocations

			2003 B&H Study		
Allocation	1995	2000	Supply	Demand	Cluster
Land (in acres)	771	869	873	1,253	959
– Net Added Acres		98	4	384	90

Source: E.D. Hovee & Company, Skagit County, and Berryman & Henigar in association with Michael McCormick.

SUMMARY RESULTS

Each of the land allocations to UGAs for commercial and industrial land have been consistent with recognized employment forecasts. In 1995, UGAs were allocated 2,256 acres of net developable commercial and industrial acres (including market factor), which is comparable to an estimated countywide demand of 2,179-2,284 net developable acres. The allocations were increased to 3,336 net developable acres in 2000 to reflect the 1999 land demand estimates of 3,328 net developable acres (including market factor).

The more recent 2003 forecast estimates a need for 2,948 net developable acres (including market factor) to service commercial and industrial market demands between 2000 and 2025. An additional 514 net developable acres are assumed to be needed to service the demand from 1995 to 2000. The 2003 Berryman & Henigar study proposes allocating 3,000 net developable commercial and industrial acres to UGAs and rural areas. While this allocation will meet the forecasted demand between 2000 and 2025, it is unclear whether or not it is intended to account for market demands between 1995 and 2000. If these allocations are to meet demands over the entire 1995-2025 planning horizon, then another 462 acres will need to be designated (accounts for market factor) to meet the project market demand over the same time period.

Mount Vernon was allocated 771 net developable commercial and industrial acres in 1995; this allocation was sufficient to meet land demands estimated in the 1996 and 1999 OEDPs. With the increase in the 1999 countywide land demand forecasts, an additional 98 net developable acres was allocated to Mount Vernon. The current proposed allocation schemes for the 2005 Skagit County Comprehensive Plan, propose to allocate another 4-384 net developable acres. To date, the City has been allocated a total of 869 acres of commercial and industrial acres which is in addition to the 489 acres of already developed commercial and industrial property within the City. In addition, when the 2005 Comprehensive Plan update is adopted by Skagit County, it is anticipated that the City will receive another allocation of 90 acres of commercial and industrial property which will bring the City wide total of commercial and industrial lands to 1,448 acres.

No updated employment (or subsequent land demand) forecasts have been completed for the city; therefore, it is unclear whether or not these additional allocations are sufficient to meet long-term commercial and industrial market demands in Mount Vernon.

It should also be reiterated, that all allocations are intended to compensate for adopted market factors; however, they were exclusive of critical areas, public infrastructure, and any other factors that could reduce the available net developable acreage. Therefore, local jurisdictions should examine their areas designated for commercial and industrial development to ensure that the gross acreage designated for commercial and industrial development will accommodate the forecasted net acreage demand. Furthermore, as Skagit County and the cities adopt new Critical Area Ordinances (CAO), local authorities should examine the effects on net developable acreage and allocate/designated additional lands to offset any reduction in net developable area.

END NOTES

[1] With this updated analysis, densities for urban areas are maintained at ratios consistent with the prior 1995 OEDP analysis.

[2] The employment densities derived from the rural land development analysis based on actual employment/land use data resulted in an estimate of 1.4 employees per acre for commercial. Using this density estimate would have resulted in the need for over 810 acres of rural commercial and industrial land versus the 475 acres indicated in Table 6. However, this density may be unduly low as it reflects employment spread across a land parcel even in situations where employers are using only a portion of a rural site.

[3] Continued patterns of rural development at densities well below urban standards should be expected because of factors including: a) dedication of large portions of site area for septic drain fields not otherwise developable; and b) more land extensive nature of many rural industries including need for outdoor storage.

[4] As noted in the Comprehensive Plan, current levels of employment were obtained from Washington State Employment Security Department. Employment levels were distributed across six employment categories by census tract and traffic analysis zone.

[5] Additional discussion of the employment projection methodology and results is available in the *Mount Vernon Comprehensive Plan, 1995.*